

**ANNUAL REPORT
OF THE
REGULATORY FLEXIBILITY COMMITTEE**



**Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204**

October, 2010

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2010

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I. STATUTORY DIRECTIVE

Under IC 8-1-2.6-4, the Regulatory Flexibility Committee is required to monitor competition in the telecommunications industry. In addition to reviewing an annual report on the industry prepared by the Indiana Utility Regulatory Commission (IURC), the Committee is required to consider the following issues:

- (1) The effects of competition and technological change in the telecommunications industry and the impact of competition on universal service.
- (2) The status of modernization of the publicly available telecommunications infrastructure in Indiana and the incentives required to further enhance the infrastructure.
- (3) The effects of modernization of telecommunications infrastructure on economic development and educational opportunities.
- (4) The current methods of regulating providers, at both the federal and state levels, and the effectiveness of the methods.
- (5) The economic and social effectiveness of current telecommunications service pricing.
- (6) All other telecommunications issues the committee considers appropriate.

Under IC 8-1-2.5-9, the Committee is also required to monitor changes and competition in the energy utility industry. In addition to reviewing an annual report on the industry prepared by the IURC, the Committee is required to consider the following issues:

- (1) The effects of competition or changes in the energy industry and the impact on residential rates.
- (2) The status of modernization of energy utility facilities in Indiana and the incentives required to further enhance this infrastructure.
- (3) The effects of modernization on economic development.
- (4) The traditional method of regulating energy utilities and the method's effectiveness.
- (5) The economic and social effectiveness of traditional energy utility service pricing.
- (6) The effects of legislation enacted by the United States Congress.
- (7) All other energy utility issues the committee considers appropriate.

In 2010, the Legislative Council directed the Committee to study the following topics:

- (1) The use of cloud computing technology, and the safety and protection of information generated by state agencies, including potential security risks presented by the use of cloud computing services, as required by SEA 384-2010 (P.L. 37-2010).
- (2) Additional public or private funding sources and mechanisms for the 211 services account established by IC 8-1-19.5-11, as requested by HR 47-2010 and SR 43-2010.
- (3) Parity among the fees for enhanced 911 service imposed in IC 36-8-16, IC 36-8-16.5, and IC 36-8-16.6, and funding inequities for consolidated public safety answering points, as requested by HR 96-2010.

II. SUMMARY OF WORK PROGRAM

The Committee met two times during the 2010 interim session, on September 14 and September 28.

The meeting on September 14, 2010, featured a presentation of the annual reports by the IURC on the natural gas, electricity, communications, and water and wastewater industries. The IURC also reported on the deployment of video service in Indiana, as required by HEA 1279-2006. In addition to the IURC reports, the annual report on renewable energy resources in Indiana was presented by the State Utility

Forecasting Group (SUGF). As required by SEA 384-2010 (P.L. 37-2010), the Committee also heard testimony concerning cloud computing technology, including potential security risks presented for state agencies in using cloud computing services.

The meeting on September 28, 2010, included a discussion, pursuant to HR 47-2010 and SR 43-2010, of potential public or private funding sources for 211 dialing code services that provide access to human services information and referrals. Pursuant to HR 96-2010, testimony on funding for enhanced 911 services was presented to the Committee by Treasurer of State Richard Mourdock and various local officials. Finally, information about alternative pricing programs for natural gas service was provided to the Committee by representatives from the IURC, the Citizens Action Coalition of Indiana, a natural gas utility (NIPSCO), and a natural gas marketer (IGS Energy).

The Committee issued no formal recommendations concerning any of the topics it considered during the interim.

Meeting minutes for the Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>